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DAD/RE
T-ERU : Chief, E
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Suggested Comments on the [REDACTED]
Draft on Soviet Economic Reorganization

1. The first section of this report is a factual account of some of the changes brought about by the reorganization. As such, we have nothing about which we can disagree.
2. Paragraph 10 points up the fact that the reorganization does not introduce a market system, but simply alters the command chain. We have some information that Soviet officials are introducing aspects of a market economy such as greater discretion being given to factory directors to produce "profitably," and a limited degree of price competition to be permitted between factories producing similar commodities.
3. The last of paragraph 11 expresses grave doubts that the reorganization will justify Khrushchev's hopes. What does Khrushchev "hope" regarding the reorganization (apart from his propagandistic statements)? It would seem to me premature at this time to virtually discount out of hand the future affects of the reorganization.
4. Paragraph 11 brings out a point which, I believe, has been underestimated by commentators so far. The most important consequence of the changes brought about may well be the increased stature and position of the Soviet republics in the over-all managerial system.

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